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Message Text

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ACTION NEA-11

INFO OCT-01 ISO-00 AID-05 EB-08 /025 W
----------050998 091433Z /43
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FM AMEMBASSY DAMASCUS
TO SECSTATE WASHDC PRIORITY 7941

C O N F I D E N T I A L DAMASCUS 2645

E.O. 11652: GDS
TAGS: ETRD, EAID, SY
SUBJ: VEHICLES FOR HEALTH SERVICES PROJECT

REF: STATE 110825

1. UPON RECEIPT OF REFTEL MISSION DECIDED TO APPROACH ON AN INFORMAL, NON-CONFRONTATIONAL BASIS, NOT ONLY MINECON IMADI BUT ALSO MINISTER OF HEALTH AND MINISTER OF STATE FOR PLANNING AFFAIRS WHOM WE BELIEVE MUST BE INFORMED ABOUT THE POTENTIAL PROBLEM.

2. USAID PROJECT MANAGER FOR THE HEALTH SERVICES PROJECT INFORMED THE MINISTER OF HEALTH ON MAY 2 OF PROBLEM ESSENTIALLY AS DESCRIBED REFTEL. MINISTER OF HEALTH'S REACTION WAS RELEXED. MINISTER SAID THAT MANY TIMES IN THE PAST "CADEAUX" HAVE BEEN PRESENTED TO THE GOVERNMENT WHICH WERE PRODUCTS OF COMPANIES ON THE BOYCOTT LIST AND THAT SINCE THESE ITEMS WERE PRESENTED AS A GRANT, THE GOVERNMENT HAD CLEARED THEM THROUGH CUSTOMS AND ACCEPTED THEM. MINHEALTH STATED THAT HE THOUGHT ARRANGE-MENTS COULD BE MADE WHEN THE VEHICLES ARRIVE TO BRING THEM IN. HE SAID HE WAS FAMILIAR WITH AID PROCUREMENT AND THAT HE REALIZED THESE PROCEDURES COULD RESULT IN THE SITUATION AT HAND.

3. ON THE EVENING OF MAY 4 FOLLOWING THE SIGNING OF
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THE FY 78 PL 480 TITLE I AGREEMENT, CHARGE MET WITH MINECON IMADI AND DISUCSSED SEVERAL SUBJECTS AMONG WHICH WAS THE HEALTH SERVICES VEHICLE PROBLEM. MINECON LISTENED TO THE DISCRIPTION OF THE SITUATION AND POSSIBLE RAMIFICATIONS (REDUCTION IN PROGRAM AND POLITICAL AMMUNITION FOR OPPONENTS OF SYRIA AID PROGRAM) IF VEHICLSE AND OTHER ALRGE AID-FINANCED PROCUREMENTS WERE REFUSED ENTRY FOR

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BOYCOTT REASONS. MINECON DID NOT OFFER AN OPINION AS TO
WHAT WOULD HAPPEN WHEN THE HEALTH PROJECT VEHICLES ARRIVED.
HE DID SUGGEST THAT THE U.S. MISSION INFORM THE MINISTER
OF HEALTH OF THE PROBLEM. THE CHARGE TOLD MONECON THAT
WE HAD ALREADY DISCUSSED IT WITH THE MINISTER OF HEALTH
AND THAT MINISTER OF HEALTH MOD INDICATED THAT HE
THOUGHT ACCEPTANCE OF THE VEHICLES COULD BE ARRANGED.
FYI: THERE WERE A NUMBER OF OTHER SARG OFFICIALS IN
MINECON'S OFFICE WHEN THE CONVERSATION TOOK PLACE. WE
FEEL THE DISCUSSION MIGHT HAVE GOTTEN DEEPER INTO THE
PROBLEM WITH PERHAPS SOME ADVICE FROM THE MINISTER HAD
HE NOT BEEN SOMEWHAT INHIBITED BY THE PRESENCE OF MANY
OTHERS. END FYI

4. SUNDAY EVENING, MAY 7, USAID DIRECTOR CALLED ON
MINISTER OF STATE FOR PLANNING AFFAIRS HORANIYEH TO
APPRAISE HIM OF THE SITUATION. AID DIRECTOR TOLD
MINPLAN THAT AID WAS FOLLOWING ITS NORMAL PROCUREMENT
PROCEDURES TO FURNISH THE VEHICLES AS AGREED TO IN THE
PROJECT AGREEMENT. HE INFORMED THE MINISTER OF THE
COMPANIES WHICH HAD RECEIVED THE AWARDS FOR THE VEHICLES
AND THAT HE HOPED THE GOVERNMENT WOULD ARRANGE FOR THEIR
RECEIPT AND CLEARANCE UPON ARRIVAL. USAID DIRECTOR ALSO
STATED THAT A POTENTIAL BOYCOTT PROBLEM ALWASY EXISTED
IN THE LARGER PROGRAM LOAN TRANSACTIONS AS WELL, BUT THAT
TO DATE NONE OF THE LOWEST BIDDERS IN THESE LARGER PROCURE-
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MENT ACTIONS (INCLUDING THE RECENT GARBAGE TRUCK OFFERS)
HAD BEEN US COMPANIES ON ARAB BOYCOTT LIST. USAID DIRECTOR
SAID HE HOPED THE PROBLEM WOULD NOT ARISE BUT IF A BOYCOTTED
US COMPANY DID IN THE FUTURE TURN OUT TO BE THE LOW BIDDER
MEETING ALL TECHNICAL SPECIFICATIONS, IN THAT CASE THE US
WOULD FINANCE ONLY THE PROCUREMENT OF THE LOWEST
QUALIFIED BIDDER IN ANY GIVEN TRANSACTION. HE WENT ON TO
SAY THAT IF THE LOWEST BIDDER WERE TURNED DOWN FOR
BOYCOTT REASONS, THE US WOULD HAVE TO REDUCE THE AMOUNT
OF MONEY AVAILABEL TO SYRIA AT LEAST BY THE AMOUNT OF
THAT TRANSACTION. FINALLY, IN A RETURN TO THE CONVERSATION
ON THE HEALTH VEHICLES, THE USAID DIRECTOR REPORTED
THE REACTION OF MINHEALTH AND SAID TO MINPLAN THAT
UNLESS THE (MINPLAN) WERE TI INFORM USAID IMMEDIATELY
THAT THE HEALTH VEHICLES WOULD NOT BE ACCEPTED UPON
ARRIVAL, THE PROCUREMENT ACTION WOULD PROCEED IN THE NORMAL
FASHION AND THE 10 VEHICLES WILL ARRIVE IN SYRIA IN
DUR COURSE. THE MINISTER SAID HE COULD MOT MAKE SUCH
A STATEMENT, AND ADDED THAT HE WAS VERY APPRECIATIVE OF
BEING INFORMED EARLY ON OF THE PROBLEM THAT MUST BE DEALT
WITH WHEN THE VEHICLES ARRIVE.

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5. WE HAVE THEREFORE ACTED ON INSTRUCTIONS PER REFTEL.
AS WE SUSPECTED WOULD BE THE CASE, WE DID NOT GET A
DEFINITE STATEMENT (NEGATIVE OR POSITIVE) FROM EITHER
MINECON OR MINPLAN. THE MINISTER OF HEALTH'S RESPONSE
WAS POSITIVE AND ENCOURAGING, BUT WE HAVE NO EXPERIENCE
WITH MINHEALTH'S HANDLING OF SUCH MATTERS. IT WAS EVIDENT
IN OUR CONVERSATIONS WITH MINECON AND MINPLAN THAT THEY
INTEND TO LET MINHEALTH HANDLE THE PROBLEM SINCE IS IS A
PROJECT WITHIN HIS MINISTRY.

6. WE DO NOT BELIEVE WE CAN PURSUE THE PROBLEM ANY FURTHER
WITHOUT TURNING IT INOT A CONFRONATATION WITH THE SYRIAN
GOVERNMENT. WE PROPOSE TO LET THE PROCUREMENT ACTION TAKE
ITS NORMAL COURSE IN THE EXPECTATION THAT MINHEALTH CAN
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HANDLE IMPORT ARRANGEMENTS IN A MANNER THAT WILL AVOID
ESCALATION OF THIS RELATIVELY SMALL PROCUREMENT TO A
CONFRONTATION.

7. WITH REFERENCE TO SHIPMENT OF THE 10 VEHICLES,
NEITHER WE NOR THE MINISTER OF HEALTH HAVE YET
RECEIVED ANY SHIPPING DOCUMENTS. WOULD GREATLY
APPRECIATE CABLED REPORT ON PRECISE STATUS WITH DATE
OF SHIPMENT OF 6 IH VEHICLES AND ESTIMATED DATE OF
SHIPMENT OF 4 AMC VEHICLES.

8. SEPARATE TELEGRAM PROVIDES INTERIM REPLY TO PAR. 4,
REFTEL.
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